

EDWARD T. LYONS, JR.
ATTORNEY AT LAW



JONES & KELLER

PROFESSIONAL CORPORATION

212317

ELYONS@JONESKELLER.COM

May 7, 2004

Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

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**SURFACE
TRANSPORTATION BOARD**

Re: Lake Superior & Ishpeming Railroad Company-Abandonment and Discontinuance
of Service-In Marquette County, MI: Docket No. AB-68 (Sub-No. 4X)

Dear Secretary Williams:

Pursuant to 49 U.S.C. § 10502, The Lake Superior & Ishpeming Railroad Company submits the original and ten (10) copies of a Petition for Exemption, with Verification, to abandon or discontinue service on the above referenced rail line. The Certificate of Service and Publication pursuant to 49 C.F.R. § 1152.60(d) and 49 C.F.R. § 1105.12 is attached to the petition, as well as the Environmental/Historic Report.

Also enclosed is a draft Federal Register Notice pursuant to 49 C.F.R. § 1152.60(c). One compact disc containing three (3) copies of the petition with attachments and the notice are enclosed.

Please file the Petition for Exemption in Docket No. AB-68 (Sub-No. 4X). Enclosed is the Petitioner's check in the amount of \$4,700 for the applicable filing fee.

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Very truly yours,

Edward T. Lyons, Jr.

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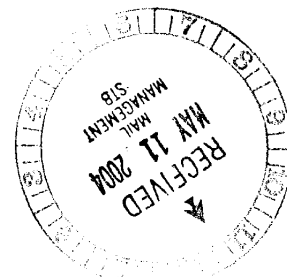
MAY 11 2004

**SURFACE
TRANSPORTATION BOARD**

Encs.

cc: Peter Ray
Ken Simmons, Esq.
Bob Clark

MTMCTEA
Attn: Railroads for National Defense
720 Thimble Shoals Blvd., Suite 130
Newport News, VA 23606-2574



U.S. Department of the Interior
National Park Service
Recreation Resources Assistance Division
PO Box 37127
Washington, D.C. 20013-7127

Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

Chief of the Forest Service
USDA Forest Service
1400 Independence Ave., SW
Washington, D.C. 20250-0003



STB No. AB—68 (Sub-No. 4X)

Notice of Petition for Exemption to Abandon or to Discontinue Service

On May 7, 2004, the Lake Superior & Ishpeming Railroad Company filed with the Surface Transportation Board, Washington, D.C. 20423, a petition for exemption for the abandonment of a line of railroad known as the Republic Subdivision, extending from railroad milepost 69.52 near LS&I Junction to railroad milepost 94.5 near Republic Mine, which traverses through United States Postal Service ZIP Codes 49866, 49849 and 49879, a distance of 25 miles, in Marquette County, Michigan. The line for which the abandonment exemption request was filed includes the stations of Ishpeming Yard (MP 73.10), Landing Jct. (MP 73.60), Viking Spur (MP 80.00), Humboldt Jct. (MP 85.65), Humboldt (MP 87.47) and Republic Mine (MP 94.33).

The line does not contain federally granted rights-of-way. Any documentation in the railroad's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected by the conditions imposed in *Oregon Short Line R. Co. - Abandonment - Goshen*, 360 I.C.C. 91 (1979).

Any offer of financial assistance will be due no later than 10 days after service of a decision granting the petition for exemption.

All interested persons should be aware that following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use.

Any request for a public use condition and any request for trail use/rail banking will be due no later than 20 days after notice of the filing of the petition for exemption is published in the Federal Register.

Persons seeking further information concerning abandonment procedures may contact the Surface Transportation Board or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis.

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by the Section of Environmental Analysis will be served upon all parties of record and upon any agencies or other persons who commented during its preparation. Any other persons who would like to obtain a copy of the EA (or EIS) may contact the Section of Environmental Analysis. EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

BEFORE THE
SURFACE TRANSPORTATION BOARD

THE LAKE SUPERIOR AND
ISHPEMING RAILROAD COMPANY -
ABANDONMENT EXEMPTION
BETWEEN NEGAUNEE AND
REPUBLIC, IN MARQUETTE
COUNTY, MICHIGAN

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DOCKET NO.
AB-68 (Sub. No. 4X)

PETITION FOR EXEMPTION

THE LAKE SUPERIOR & ISHPEMING
RAILROAD COMPANY
P. O. Box 200
Ishpeming, MI 49849

Petitioner

Edward T. Lyons
Jones & Keller, P.C.
1625 Broadway, 16th Floor
Denver, CO 80202

Attorney for Petitioner

DATE FILED: May 7, 2004

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BEFORE THE SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C.

DOCKET NO. AB-68 (Sub. No. 4X)

LAKE SUPERIOR & ISHPERING RAILROAD COMPANY-ABANDONMENT AND
DISCONTINUANCE OF SERVICE EXEMPTION-IN MARQUETTE COUNTY, MI.

PETITION FOR EXEMPTION

I. INTRODUCTION

The Lake Superior & Ishpeming Railroad Company ("LS&I") hereby petitions the Surface Transportation Board (the "Board") for exemption under 49 U.S.C. § 10502 from the requirements of 49 U.S.C. § 10903 relating to LS&I's abandonment and discontinuance of service on a line of railroad known as the Republic Subdivision, extending from railroad milepost 69.52 (LS& I Jct.) near Negaunee, Michigan to milepost 94.5 (Republic Mine) near Republic, Michigan, a distance of 24.98 miles in Marquette County, Michigan.

The line for which the abandonment exemption request is filed includes the stations of Ishpeming (MP 72.5), and Republic (MP 94.5). A map of the subject line is attached as Exhibit 1 to this Petition.

Based on evidence in our possession, the line does not contain federally granted rights-of-way. Any documentation in the LS&I's possession will be made available promptly to those requesting it.

II. STATEMENT OF THE CASE

A. Background

LS&I is a Class II rail carrier which for the twelve-months ended December 31, 2003 had total revenues of approximately \$28.5 million. The address of the railroad is P.O. Box 2000 Ishpeming, Michigan 49849. LS&I is a wholly-owned subsidiary of Cleveland-Cliffs, Inc.

("Cleveland-Cliffs"), a leading supplier of taconite iron ore pellets to the steel industry. As is here pertinent, Cleveland-Cliffs, or one of its subsidiaries, owns and operates two taconite iron ore mines in the Upper Peninsula of Michigan, known as the Empire and Tilden Mines. LS&I's primary business is the transportation of taconite pellets from the Empire and Tilden Mines to a company-owned ore dock at Marquette on Lake Superior, from which the taconite is shipped on lake vessels to steel mills in the United States and Canada.

LS&I was organized in 1892. In 1896, LS&I completed the construction of an initial line of railroad between Ishpeming, Michigan and an iron ore loading dock constructed by the railroad in Presque Isle Harbor on Lake Superior. The railroad for a time extended its line to serve additional iron ore mines, as well as the timber industry, and a new iron ore pellet plant at Eagle Mills. Eventually, however, as a result of the demise of logging operations and the closing of all but two of the mines, the process of expansion was reversed and LS&I has since then evolved into what has become essentially a private railroad for Cleveland-Cliffs' Empire and Tilden Mines.

The Empire and Tilden Mines are located on a separate branch of the LS&I known as the Ore Subdivision, which extends approximately 20.7 miles from the Tilden Mine to the ore dock at Marquette. This part of the line will not be affected by the proposed abandonment of the Republic Subdivision. The two branches are in fact no longer directly connected by LS&I owned tracks as they once were. The connecting track was abandoned several years ago and since that time any operation by LS&I between the two branches is conducted over separate connecting tracks owned by the Canadian National Railway (the "CN"), between Diamond Jct. and LS&I Jct., under a trackage rights agreement which requires LS&I to pay for using the track.

The Republic Subdivision, which will be abandoned, consists of three distinct segments of track. The first segment, which extends from LS&I Jct. (MP 69.52) west approximately 4.1

miles to Landing Jct. (MP 73.6), was constructed in 1910. It was originally built to serve the Mather "B" Mine, which closed in 1979. In 1963 the track was relocated to allow mining operations on the old right-of-way. This section of the line was originally jointly owned in equal one-third shares by LS&I, the Chicago & North Western Railway Co., and the Soo Line Railroad Co. As a result of various acquisitions and mergers, CN has succeeded to the interests of the North Western and the Soo, and the joint track is now owned one-third by LS&I and two-thirds by CN. The 1963 agreement among LS&I, North Western, and the Soo, which continues to govern the ownership, use and abandonment of the joint track as between LS&I and CN, expressly contemplates that if LS&I abandons its use of the track and CN desires to continue to use the track, CN must purchase LS&I's one-third interest in the track for an amount equal to the net recoverable salvage value of that interest.¹ LS&I notified CN of its intent to abandon its use of the joint track by letter dated January 20, 2004, and on March 22, 2004 it granted CN's request for a 45-day extension of time, to and including May 6, 2004, for CN to respond.² As of the date of the present petition, CN has not formally notified LS&I whether it intends to continue operations on the joint track and, if so, purchase LS&I's one-third interest in the track.³

If CN does acquire LS&I's interest in the joint track, this section of the line would not be dismantled and salvaged, and the exemption sought by LS&I with respect to this part of the line could properly be construed as one for discontinuance of service, rather than abandonment. Due to the present uncertainty concerning CN's intention, LS&I is accordingly seeking such relief as

¹ See paragraph 47 of the 1963 agreement, which is attached hereto as Exhibit 2.

² See letters from LS&I to CN attached hereto as Exhibits 3 and 4.

³ As will be discussed below, however, the only shipper that is presently receiving service from LS&I on this part of the line has advised LS&I that CN has indicated that it does intend to continue service on the line.

may be appropriate based on the final record in this proceeding -- either by way of exemption for abandonment of the joint track or discontinuance of service on this section of the line.

The only traffic that has been handled by LS&I on this first section of the Republic Subdivision during the past three years has consisted of seasonal shipments of approximately 50 tank cars of propane per year consigned to a facility of Ferrellgas at Negaunee. LS&I provides switching service for this traffic between Eagle Mills, where the cars are received from CN, and the consignee's facility in Negaunee. This operation by LS&I actually involves the use of only a few hundred feet of track on the Republic Subdivision west of the switch at LS&I Jct., which is the beginning point of the abandonment. In handling the traffic, a locomotive with the cars consigned to Ferrellgas proceeds westbound on this part of the line only far enough to clear the switch at LS&I Jct., before reversing direction and backing east from the switch over an approximate 1400-ft. spur track that serves Ferrellgas. If the abandonment exemption is granted, LS&I has offered to quit-claim the spur track to Ferrellgas or CN, so that CN can serve Ferrellgas directly.⁴ Ferrellgas states that it is willing to accept the spur, that CN has confirmed it will serve Ferrellgas via the spur, and that, if the track is sound and LS&I will continue to maintain the road crossings associated with the spur, it will support the abandonment.⁵

The second segment of the Republic Subdivision, which extends from Landing Jct. (MP 73.6) west approximately 12 miles to Humboldt Jct. (MP 85.6), was constructed in 1910 to serve iron ore mines in the North Lake Mining District. The mines all ceased operation in the period between 1950 and 1960. This segment of the line is wholly owned by LS&I, but CN is operating

⁴ See letter from LS&I to Ferrellgas dated March 4, 2004, attached hereto as Exhibit 5.

⁵ See letter from Ferrellgas to LS&I, dated April 13, 2004, attached hereto as Exhibit 6. The spur is in good condition. LS&I will, if necessary, continue to maintain the road crossings on the spur, but since LS&I will have no rail operation in the immediate area it will attempt to reach agreement for CN to assume responsibility for maintenance of the crossings.

over it under a 1990 trackage rights agreement.⁶ LS&I itself has handled no traffic on this part of the Republic Subdivision for more than five years, even though it is obliged under the trackage agreement with CN to continue maintaining the track. The trackage rights agreement, paragraph 24, expressly reserves to LS&I the right to abandon this part of the line and gives CN the option to purchase it for the fair market value of the land and salvage value of the track components less estimated cost of removal. On January 20, 2004, LS&I notified CN in writing that it intends to abandon this part of the line.⁷ Despite follow-up telephone inquiries by LS&I, there has been no response from CN as of the date of the present petition.

The final segment of the Republic Subdivision involved in the abandonment, which is wholly owned by LS&I, extends from Humboldt Jct. (MP 85.6) south approximately 8.9 miles to the end of track at Republic Mine (MP 94.5). This track was constructed to serve the Humboldt and Republic Mines, both of which ceased operation in 1981. This part of the Republic Subdivision has had no rail traffic on it for more than five years and maintenance has been deferred. Substantial track maintenance and rehabilitation would be required before operations could be conducted on this portion of the line.

B. Reasons for the Abandonment

An exemption is sought for abandonment of the line because (1) operation of the line is not profitable; (2) a portion of the line requires substantial track maintenance and rehabilitation; and (3) the only rail customer on the line has feasible transportation alternatives.

The only revenue traffic that LS&I has handled on the line during the past three years has consisted of seasonal movements of inbound tank cars of propane gas that LS&I receives from CN at Eagle Mills and delivers to Ferrellgas at Negaunee, using in the process of this limited

⁶ A copy of the Trackage Agreement, dated April 13, 1990, is attached hereto as Exhibit 7.

⁷ A copy of the January 20, 2004 letter from LS&I to CN is attached hereto as Exhibit 8.

switching operation only a few hundred feet of the almost 25 miles of track that is proposed for abandonment. The volume of the traffic is light. There were only 44 cars delivered in 2001, 50 cars in 2002, and 53 cars in 2003. The operation is not a profitable one for LS&I. The revenue produced by the traffic is substantially exceeded by the switching and other out-of-pocket costs incurred by LS&I in handling the traffic and the expense of maintaining the line. During 2003, for example, LS&I derived total revenues of \$26,500 from the 53 cars that were delivered to Ferrellgas. In handling this traffic, LS&I incurred direct switching costs of \$11,713, paid track usage fees to CN of \$2,908, and had maintenance of way expense of \$34,846, which resulted in a net operating loss of \$22,967. The average loss for the past three years was \$33,848. Even after taking into account the non-operating revenue that LS&I receives from CN for the use of the tracks between Landing Jct. and Humboldt Jct., which in 2003 totaled \$19,199, the cash outflows on the line still exceed cash inflows by a substantial margin. The average deficit over the past three years has been \$18,325 per year.⁸ All information available to LS&I at the present time indicates that operation of the line will continue to be unprofitable in the future.

In addition, portions of the line would require substantial additional maintenance and rehabilitation in order to remain operational. This is particularly true of the section from Humboldt Jct. south to Republic Mine on which maintenance has been deferred for want of traffic. LS&I estimates that the cost of replacing worn rail and approximately 500 ties/mile on that section, together with repairing washouts and the cost of brushing and signal protection, would be approximately \$280,000. Such an investment would not be economically justified and

⁸ See table summarizing three-year results of operation attached hereto as Exhibit 9. The amount of the loss would be even greater if the full amount of "avoidable cost", including an appropriate return on investment, were properly allocated to this operation as provided for by 49 U.S.C. § 10904, and the regulations at 49 CFR §§ 1152.32-1152.34

abandonment of this line will enable LS&I to deploy its assets more productively on the remainder of its line of railroad.

Keeping the line open without business to support it also exposes LS&I to unnecessary potential liability that it prefers to avoid. LS&I is currently responsible for maintaining signal protection at six road crossings at grade on the Republic Subdivision, even though it has no trains of its own operating over the line. The obligation to maintain these crossings without an economically viable operation on the line constitutes an unacceptable risk of liability for LS&I.

The abandonment of the line will not leave shippers without suitable transportation alternatives. The only customer now receiving service from LS&I on the line, Ferrellgas, should have access to continued rail service after the abandonment. As noted above, in serving this consignee at the present time, LS&I receives loaded rail cars from CN at Eagle Mills, moves these cars a distance of approximately .7 of a mile to Diamond Jct. over track of its own, then operates for about 3.6 miles over track owned by CN between Diamond Jct. and LS&I Jct., and then makes only nominal use of track on the Republic Subdivision in order to switch onto the spur track that connects with the consignee's private track in Negaunee. LS&I has offered to transfer ownership of the connecting spur to Ferrellgas or CN, which will give Ferrellgas the same capability of obtaining rail service from CN as it now has from LS&I, and allow CN to deliver directly the cars it now interchanges with LS&I at Eagle Mills. As has been discussed above, Ferrellgas has advised LS&I that the arrangement is acceptable and that CN has confirmed it will serve Ferrellgas via the spur.⁹ As a result, subject to stated conditions to insure the soundness of the track and continued maintenance of road crossings, Ferrellgas has stated it will support the abandonment.

⁹ LS&I understands that CN is presently serving another branch of Ferrellgas at L'Anse, which is approximately 30 miles west of Humboldt Jct., using the same jointly owned mainline track that would be used by CN in serving the Negaunee branch of Ferrellgas after the abandonment.

Even if for some reason Ferrellgas does not receive substitute rail service from CN or elects not to use that service, Ferrellgas has confirmed that it would have alternate truck service available. The area surrounding the line has an adequate network of roadways and federal and state highways capable of handling truck traffic for the limited traffic that is involved.

C. Labor Protection

The abandonment will not result in any dismissal or displacement of employees, nor rearrangement of forces, on the part of LS&I.

III. ENVIRONMENTAL AND HISTORIC REPORTING REQUIREMENTS

In accordance with the requirements of 49 C.F.R. §§ 1105.7, 1105.8 and 1121.3(b), an Environmental/Historic report is being filed concurrently with this Petition. A copy of the report was previously served on the required federal and state offices and agencies and is attached as Exhibit 10 to this Petition. An addendum to the Environmental/Historic report reflecting subsequent communications relating to the report is attached hereto as Exhibit 11.

IV. DISCUSSION AND ANALYSIS

Under 49 U.S.C. § 10903, a rail line may not be abandoned or service discontinued without the Board's prior approval. Under 49 U.S.C. § 10502, however, the Board must exempt the transaction or service from regulation when it finds that: (1) continued regulation is not necessary to carry out the rail transportation policy of 49 U.S.C. § 10101; and (2) either (a) the transportation or service is of limited scope, or (b) regulation is not necessary to protect shippers from the abuse of market power. The abandonment proposed by LS&I here clearly satisfies the statutory standards requiring exemption under 10502.

Detailed scrutiny under 49 U.S.C. § 10903 is not necessary to carry out the rail transportation policy declared by the Congress. By minimizing the administrative expense of the application process, an exemption will reduce regulatory barriers to exit [49 U.S.C. § 10101(7)].

An exemption will also foster sound economic conditions and encourage efficient management by relieving LS&I of the expense of maintaining a line that generates only a meager amount of traffic and is unprofitable, and by allowing LS&I to apply its assets more productively elsewhere on its system [49 U.S.C. § 10101(5) and (9)]. Other aspects of the rail transportation policy will not be adversely affected. Similar circumstances have justified abandonments in many cases. *See, e.g.,* STB Docket No. AB-850X, *St. Croix Valley Railroad Company -- Abandonment and Discontinuance of Service Exemption -- In Pine and Kanabec Counties, MN*, decided June 27, 2003; STB Docket No. AB-468 (Sub-No. 5X), *Paducah & Louisville Railway, Inc. -- Abandonment Exemption -- In McCracken County, KY*, decided June 18, 2003; STB Docket No. AB-55 (Sub-No. 638X), *CSX Transportation, Inc. -- Abandonment Exemption -- In Knox County, OH*, decided October 29, 2003; STB Docket No. AB-33 (Sub-No. 203X) *Union Pacific Railroad Company -- Abandonment Exemption -- In Harris County, TX*, decided January 9, 2004; and STB Docket No. AB-55 (Sub-No. 642X), *CSX Transportation, Inc. -- Abandonment Exemption -- In Vermilion County, IL*, decided January 15, 2004.

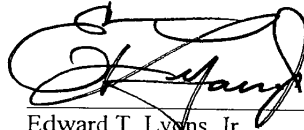
Regulation of the proposed transaction is not necessary to protect shippers from the abuse of market power. The only customer now receiving rail service from LS&I on the line, Ferrellgas, will have the opportunity to continue using rail service by virtue of LS&I's offer to transfer a spur track in the Negaunee area to Ferrellgas, or to CN, so that this consignee will enjoy a direct connection with CN's mainline and be able to receive uninterrupted rail service. A similar proposal by an abandoning carrier to transfer a spur track to a shipper, so that it could receive service from another railroad, was viewed with favor by the Board in STB Docket No. AB-6 (Sub-No. 405X), *The Burlington Northern and Santa Fe Railway Company -- Abandonment Exemption -- In Jefferson, Gage, and Pawnee Counties, NE*, served March 1, 2004. In addition, the area surrounding the line has an adequate network of roadways and

federal and state highways capable of handling truck traffic for the limited traffic that is involved. Because there is thus no need to protect shippers from an abuse of market power, the Board need not determine whether the proposed transaction is of limited scope. *Paducah & Louisville Railway, Inc. -- Abandonment Exemption -- In McCracken County, KY, supra; St. Croix Valley Railroad Company -- Abandonment and Discontinuance of Service Exemption -- In Pine and Kanabec Counties, MN, supra.*

V. CONCLUSION

PREMISES CONSIDERED, and because the evidence in this proceeding warrants the finding required by 49 U.S.C. § 10502(a), the Board should grant the proposed abandonment exemption.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "E. Lyons", written over a horizontal line.

Edward T. Lyons, Jr.
JONES & Keller, P.C.
1625 Broadway Suite 1600
Denver, Colorado 80202
Telephone: (303) 573-1600

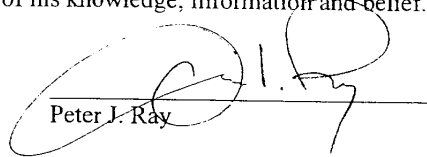
ATTORNEY FOR PETITIONER

(VERIFICATION FOLLOWS)


VERIFICATION

STATE OF MICHIGAN)
) SS
COUNTY OF MARQUETTE)

PETER J. RAY, being duly sworn upon his oath, states that he is the President of the Lake Superior & Ishpeming Railroad Company, in which capacity he is authorized to make this verified statement on its behalf; and that he has read the factual matters set forth in the "Statement of the Case" contained in the foregoing Petition for Exemption, knows the contents thereof, and that the same are true as stated, to the best of his knowledge, information and belief.

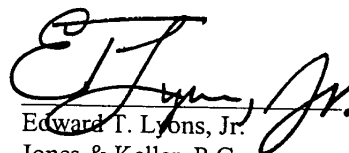

Peter J. Ray

Subscribed and sworn before me a Notary Public in and for the State and County of
foresaid this 30th day of April, 2004.


Notary Public
Commission Expiration: 01-12-2005

CERTIFICATION

I hereby certify that on the 7th day of May, 2004 a copy of the foregoing Petition was served upon the National Park Service, Recreation Resources Assistance Division; the Department of Defense, Military Traffic Management Command; the Michigan Public Service Commission; and the Chief of the Forest Service, U.S. Department of Agriculture by first class mail, postage prepaid. I further certify that (1) the environmental and historic reports were served upon the agencies identified in 49 C.F.R. § 1105.7(b) on March 16, 2004; (2) service of notice upon the State Clearinghouse was accomplished by mailing a copy thereof on January 26, 2004; and (3) the publication requirements of 49 C.F.R. § 1105.12 have been complied with, to wit: publication of notice was accomplished on April 2, 2004, in the Mining Journal, affidavit of publication is attached.



Edward T. Lyons, Jr.
Jones & Keller, P.C.
1625 Broadway, Suite 1600
Denver, CO 80202
Telephone: (303) 573-1600
Fax: (303) 573-8133

Date: May 7, 2004

The Mining Journal

Upper Michigan's Largest Daily Newspaper

249 W. Washington St., P.O. Box 430, Marquette, Michigan 49855. Phone (906)228-2500. Fax (906)228-3273

AFFIDAVIT OF PUBLICATION STATE OF MICHIGAN

For the County of **MARQUETTE**

In the matter of: Notice of Intent to Abandon Rail Service

Cost: \$61.50

State of **MICHIGAN**, County of Marquette ss.

JAMES A. REEVS

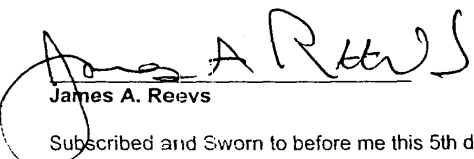
being duly sworn, says that he is

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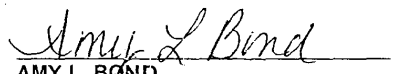
of **THE MINING JOURNAL**

a newspaper published and circulated in said county and otherwise qualified according to Supreme Court Rule; that annexed hereto is a printed copy of a notice which was published in said newspaper on the following date, or dates, to-wit

April 2, 2004


James A. Reeves

Subscribed and Sworn to before me this 5th day of April, 2004.


AMY L. BOND

Notary Public

MARQUETTE County, Michigan

My commission expires: July 3, 2007

AFFIDAVIT OF PUBLICATION

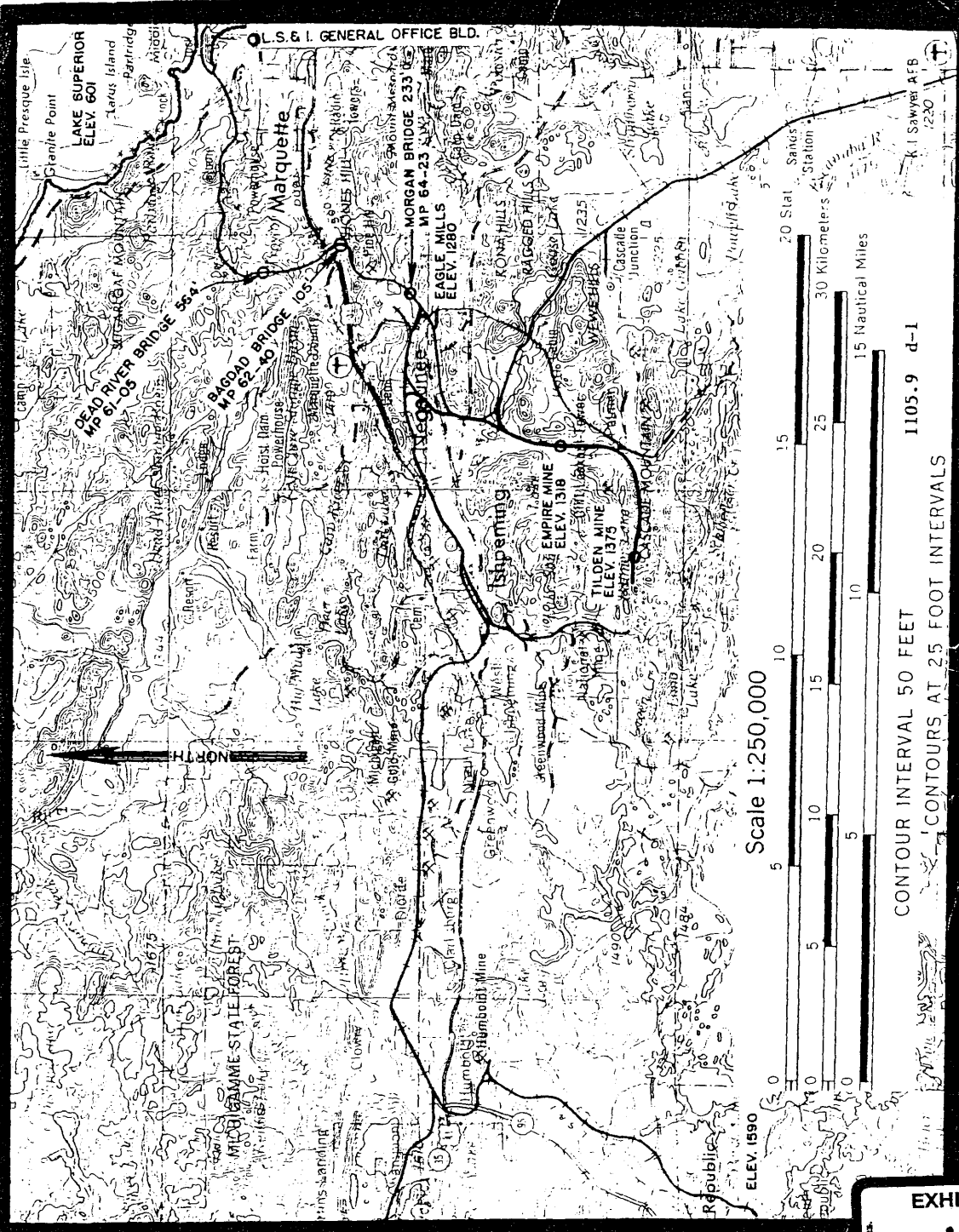
NOTICE OF INTENT TO ABANDON RAIL SERVICE

The Lake Superior & Ishpeming Railroad Company gives notice that on or about April 8, 2004, it intends to file with the Surface Transportation Board, Washington, D.C. 20423, a petition for exemption under 49 U.S.C. 10505 from the prior approval requirements of 49 U.S.C. 10903, et seq., permitting the abandonment of a 25 mile line of railroad between railroad milepost 69.52, near Negaunee, Michigan, (L&I Junction) which traverses through United States Postal Service ZIP Codes 49866 and 49849, and railroad milepost 94.5, near Republic, Michigan, (Republic Mine) which traverses through United States Postal Service ZIP Code 49879 in Marquette County, Michigan. The proceeding has been docketed as No. AB 68 (Sub-No. 4X).

The Board's Section of Environmental Analysis (SEA) will generally prepare an Environmental Assessment (EA), which will normally be available 60 days after the filing of the petition for abandonment exemption. Comments on environmental and energy matters should be filed no later than 30 days after the EA becomes available to the public and will be addressed in a Board decision. Interested persons may obtain a copy of the EA or make inquiries regarding environmental matters by writing to SEA, Surface Transportation Board, Washington, D.C. 20423 or by calling SEA at 202-927-6211.

Appropriate offers of financial assistance to continue rail service can be filed with the Board. Requests for environmental conditions, public use conditions, or rail banking/trails use also can be filed with the Board. An original and 10 copies of any pleading that raises matters other than environmental issues (such as trails use, public use, and offers of financial assistance) must be filed directly with the Board's Office of the Secretary, 1925 K Street, N.W., Washington, DC 20423 (See 49 CFR 1104.1(a) and 1104.3(a)), and one copy must be served on applicant's representative (See 49 CFR 1104.12(a)). Questions regarding offers of financial assistance, public use or trails use may be directed to the Board's Office of Congressional and Public Services at 202-565-1592. Copies of any comments or requests for conditions should be served on the applicant's representative, Edward T. Lyons, Jr., Jones & Kollar, P.C., 1625 Broadway, 16th Floor, Denver, Colorado, 80202.

1 time, 4/2/04



EXHIBIT